

VZCZCXRO8196
PP RUEHJO
DE RUEHLU #0358/01 1071254
ZNR UUUUU ZZH
P 171254Z APR 07 ZDK
FM AMEMBASSY LUANDA
TO RUEHC/SECSTATE WASHDC PRIORITY 3877
INFO RUEATRS/DEPT OF TREASURY WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEHJO/AMCONSUL JOHANNESBURG 0447

UNCLAS SECTION 01 OF 02 LUANDA 000358

SIPDIS

SENSITIVE
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FOR AF/S and EB/CBA
JOHANNESBURG FOR FCS

E.O. 12958: N/A
TAGS: [EINV](#) [ETRD](#) [BEXP](#) [PGOV](#) [EMIN](#) [ECON](#) [AO](#)
SUBJECT: ANGOLA - TROOPS SHUT DOWN AMCIT-OWNED QUARRY

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11. (SBU) Summary. On March 27, 2007, Angolan soldiers shut down an Amcit-owned quarry near Luanda, claiming to be acting on behalf of Angola's National Reconstruction Council. Several other quarries were shut down at the same time. The Embassy has explained the potentially damaging effect on investment from the U.S. with the Deputy Prime Minister, the Ministry of Exterior Relations and the National Association for Private Investment. The Deputy Prime Minister has assured Ambassador Efird that he will raise the issue with President dos Santos during a face-to-face meeting this week. End Summary.

12. (SBU) Background: On the morning of Tuesday, March 27, soldiers identifying themselves as troops of the National Reconstruction Council (Gabinete de Reconstrucao Nacional) arrived at a quarry near Luanda owned by Afritrack and instructed the workers to turn off all equipment, prevented delivery trucks from hauling away rock and refused entry to trucks arriving to pick up rock. Afritrack is an American-owned Angolan construction and manufacturing company, and its CEO has lived in Angola for 15 years. Valued at USD 6 million, the quarry employs 300 workers. The CEO told us that workers at the quarry are unable to perform any work, and that the lack of rock from the quarry has also slowed work in other Afritrack businesses, such as housing construction. According to the CEO, the soldiers produced no documents to support their action and had not provided any as of Monday, April 16. Afritrack CEO called on Ambassador Efird on April 3 to initially advise her of the situation, and has followed up with subsequent telephone conversations with Ambassador Efird and Econ/Commercial officer.

Embassy Advocacy

13. (SBU) Following the meeting, Ambassador Efird telephoned Deputy Prime Minister Aguiinaldo Jaime on April 3 to discuss the issue and faxed him supporting documentation on the case. Jaime called back the following day to report that he had briefed President Jose Eduardo dos Santos's Diplomatic Advisor. On April 16, 2007 DPM Jaime told the Ambassador that the documents are with the President and said that Jaime would personally brief the President at the end of the week. In addition, Embassy Pol/Econ Chief raised the issue with the National Association for Private Investment (ANIP) on April 10, and with the Ministry of Foreign Affairs. ANIP volunteered to have its legal staff review Afritrack's case with Afritrack's legal department.

14. (SBU) During their meetings with GRA officials, Ambassador Efird and P/E Chief both emphasized the Embassy's concern that Afritrack be given written notice explaining the situation; accorded equitable treatment under the law, and be provided with the full protection of Angolan law accorded to investors. We also reminded Angolan

officials that the US Embassy has a responsibility to US companies wishing to invest in Angola and that if this situation does not receive due process quickly we would revise our Investment Climate Guide and other guidance to investors to reflect this situation. We strongly reiterated that armed militia denying an owner and her employees' access to their place of work is not an acceptable business practice. Note: Angolan law on eminent domain requires sufficient notice to individuals and businesses to be affected by government taking of property and adequate compensation for any property taken by the government. End note.

Other Companies also Shut Down

¶5. (U) Several companies operate quarries near Afritrack's, including the Portuguese construction companies Soares da Costa, Mota-Engil and Tecnovia, as well as Cojoal, Sanir, and Africavision. They were also shut down. The Portuguese Ambassador told Ambassador Efird that his Embassy had also been contacted by the Portuguese companies affected by the shut down and asked what measures the US Embassy was taking. On April 16, 2007 the Afritrack CEO told us that the Tecnovia and Mota-Engil quarries had been permitted to re-open on Saturday, April 14. This was also reported in the press. The rock quarried at these sites is used in the many infrastructure construction projects around Luanda. Mota-Engil is the largest Portuguese construction company operating in Angola.

¶6. (U) President dos Santos issued a decree on March 27 revoking all mining permits in the area where the future Luanda international airport is to be built. While these quarries are also located in Vianna, it is not clear that they sit on the site of the new airport. Afritrack's CEO asserts that her quarry is not within the new airport zone.

¶7. (SBU) Comment. Embassy Luanda will continue to support the Amcit-owned company in pursuing an acceptable solution to this situation. That other companies have been able to reopen is a positive sign. However, as the largest Portuguese construction firm operating in Angola, clearly Mota-Engil has a higher degree of

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leverage with the government to get a quicker resolution to the situation than a smaller company will have.
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